

Message Text

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PAGE 01 STATE 093129

44

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DRAFTED BY EUR/EE:WSSHEPARD
APPROVED BY EUR - MR. ARMITAGE
EB:EWT:MLORIMER
H;KJENKINS
C:WSHINN
D:MSPENDLETON
S/S:MR. ORTIZ

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FM SECSTATE WASHDC
TO AMEMBASSY BUDAPEST PRIORITY

C O N F I D E N T I A L STATE 093129

E.O. 11652: GDS

TAGS: PFOR,ETRD,HU

SUBJECT: SZABO FAREWELL CALL ON DEPUTY SECRETARY

1. AMBASSADOR SZABO OPENED APRIL 21 FAREWELL COURTESY CALL ON DEPUTY SECRETARY BY THANKING HIM AND COLLEAGUES IN EUR AND EUR/EE (HARTMAN, ARMITAGE, ANDREWS) FOR THEIR "HELPFUL WORK" IN DEVELOPING US-HUNGARIAN BILATERAL RELATIONS DURING THE PAST FOUR YEARS. DEPUTY SECRETARY AGREED THAT BALANCE WAS POSITIVE, ALTHOUGH, AS SZABO POINTED OUT, "COMPLETE NORMALIZATION" HAD NOT YET BEEN ACHIEVED.

2. FOLLOWING DIVIDED FAMILY AND MESTERHAZY CONVERSATION (SEPTTEL), SZABO REFERRED TO HUNGARIAN WISH FOR MFN AND INCREASED TRADE. HE SAID THAT HUNGARIANS WERE AWARE THAT THE TRADE REFORM ACT WAS "NOT A HUNGARIAN PROBLEM," BUT
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PAGE 02 STATE 093129

RATHER A PROBLEM OF "SOCIALIST COUNTRIES AND THE UNITED

STATES".

3. DEPUTY SECRETARY SAID HE ASSUMED SZABO WAS AWARE OF THE DEPARTMENT'S POSITION AND THE EFFORTS OF THE PRESIDENT IN THIS AREA. A NUMBER OF PEOPLE IN CONGRESS MUST CHANGE

THEIR MINDS ON THE ISSUE, AND SO IT WAS NOT POSSIBLE TO PREDICT EXACT TIMING FOR REVISED TRADE LEGISLATION. HE NOTED THAT WE HAD SIGNED A TRADE AGREEMENT WITH ROMANIA UNDER EXISTING LEGISLATIVE AUTHORITY.

4. ASKED WHAT EXPORTS TO THE US WOULD EXPAND WITH MFN, SZABO MENTIONED "CONSUMER PRODUCTS" GENERALLY, AND LEATHER GOODS, TEXTILES AND LIGHT BULBS IN PARTICULAR. HE SAID THAT HUNGARY HAS NOW ENTERED INTO MORE THAN 20 COOPERATIVE PROJECTS WITH US FIRMS, WITH "50 MORE UNDER CONSIDERATION." (HE WAS NOT SPECIFIC ON PROJECTS CONTEMPLATED, BUT IMPLIED THAT MFN WOULD BE A FACTOR IN THEIR BEING CONSIDERED FAVORABLY BY THE GOH.) DEPUTY SECRETARY SAID THAT HUNGARIAN PLANNING SHOULD PROCEED ON THE ASSUMPTION THAT OUR PRESENT LEGISLATIVE RESTRICTIONS REGARDING MFN MIGHT CHANGE. SZABO REFERRED TO RECENT TRIPS OF CONGRESSMEN WILSON (LAST JANUARY) AND WHALEN (THIS MONTH) AS INCREASING CONGRESSIONAL UNDERSTANDING OF THE TRADE BILL PROBLEM.

5. DEPUTY SECRETARY SAID THAT IF THE TRADE BILL PROBLEM IS RESOLVED SOON, SZABO WILL SURELY FEEL THAT HE HAS ACCOMPLISHED A GREAT DEAL DURING HIS TIME HERE. SZABO AGREED THAT "MFN IS NUMBER ONE." THERE IS ALSO "THE ROYAL JEWELRY", HE ADDED (NO COMMENT FROM DEPUTY SECRETARY) AND THEN EMIGRATION CASES WILL "FALL INTO LINE."

6. DEPUTY SECRETARY NOTED THAT SINCE THE UNITED STATES AND HUNGARY ARE IDEOLOGICALLY DIFFERENT, THERE COULD NOT ALWAYS BE AGREEMENT BETWEEN US. WE HOPED, HOWEVER, THAT HUNGARY'S COMMENTS ON OUR POLICIES AND LEADERS COULD BE OBJECTIVE. HE BELIEVED THAT PROGRESS HAD BEEN MADE DURING SZABO'S TENURE HERE IN THIS AREA AS WELL (AN ASSESSMENT THAT SZABO SHARED), AND AFFIRMED OUR COMMITMENT TO DETENTE IN SPITE OF THE TRADE SETBACK. MEETING CONCLUDED
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PAGE 03 STATE 093129

WITH EXCHANGE OF COURTESIES AND DEPUTY SECRETARY'S EXPRESSED WISH TO VISIT HUNGARY (WHICH HE LAST VISITED IN 1966) AT SOME FUTURE POINT. KISSINGER

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